MANAGEMENT MEMO

	NUMBER: 00-11
SUBJECT: Information Technology Oversight Policy	**DATE ISSUED:** **11/03/00**
	EXPIRES: When rescinded
REFERENCES: California Government Code Section 11712, et. seq. California Government Code Section 11701, et. Seq.	**ISSUING AGENCY:** Department of Information Technology

PURPOSE

Pursuant to Senate Bill 1, Chapter 508, Statutes of 1995 and Assembly Bill 1686, Chapter 873, Statutes of 1999, the Department of Information Technology (DOIT) is charged with oversight responsibility for California State information technology (IT) activities.

This policy establishes a framework for effective oversight of state IT activities. It contains the guiding principles for the DOIT oversight process and is designed to help ensure effective and efficient application of IT to business program needs and requirements.

POLICY

It is the policy of the DOIT that state entities shall ensure the effective and efficient application of IT to business program needs and requirements through a disciplined, well-managed and consistent approach based on standardized metrics, IT best processes and practices and the allocation of appropriate resources.

This policy supercedes *State Information Management Manual (SIMM)* Volume 1, Policy 3.0, Project Oversight Policy.

APPLICABILITY

This policy applies to all state entities except those entities statutorily exempted, which include the University of California, the California State University, the State Compensation Insurance Fund, the community college districts, and agencies provided for by Article VI of the California Constitution, or the Legislature.

FUNDAMENTAL OVERSIGHT PHILOSOPHY

The philosophy under which the DOIT will perform its oversight responsibilities is based on the following fundamental premises and principles:

Value Added: Effective oversight of IT activities provides value to state programs and the constituencies they serve. As such, the DOIT will partner with state entities to develop the IT oversight framework and will implement a process to ensure continuous improvement in its programs, processes and activities to support the State's IT efforts, including revisiting policies, standards and procedures to ensure maximum

added value to state entity programs and processes. The DOIT intends to partner with state entities from IT project concept through implementation.

Commensurate Scope: The type and level of oversight performed will be commensurate with the nature and scope of the IT activity and the impact on the organization, the associated risks to a successful implementation, and an efficient and effective post-implementation maintenance and operations effort.

Oversight Framework and Methodology: It is the DOIT's statutory responsibility to define, implement and maintain an oversight framework and methodology to improve the state's overall management and use of IT. In partnership with the state entities, the DOIT will develop and continuously review the framework and methodology, and as necessary and appropriate, make revisions to ensure ongoing quality and responsiveness.

RESPONSIBILITIES AND TASKS

DOIT

- The DOIT is responsible for developing and maintaining the state-level IT oversight framework, comprised of principles, policies, processes, procedures, standards and guidelines. This oversight framework will provide a consistent structure to assist entities in bringing IT projects to successful completion.

- The DOIT is responsible for developing a set of metrics that can be used by state entities to measure and evaluate project activities and compliance with standards. These metrics will provide entities with a tool to ensure project success or formulate remedial measures if necessary.

- The DOIT is responsible for monitoring state entity IT oversight activities to ensure compliance with state-level IT policies and standards. Through such monitoring, DOIT can provide guidance and leadership to entities in the management and use of IT to meet business needs as well as continuously evaluate its oversight programs and activities to ensure value and effectiveness.

- The DOIT will monitor project execution and provide guidance and leadership to state entities to help ensure that IT projects proceed in accordance with the approved project plan and budget. The DOIT will focus on factors such as scope management, cost and schedule management, change management, issue management, risk management and contract management.

- The DOIT is responsible for reporting the status of IT projects to the Governor and the Legislature. This reporting will include proposed and current anticipated project costs, proposed and current anticipated project completion date, and project status measured against the approved project plan, schedule and budget. The DOIT anticipates such reporting to be high-level, on-line, and interactive, with the responsible entity owning the data and having ultimate responsibility for project status.

- The DOIT will recommend and pursue prescriptive measures and corrective actions to minimize risk to the state and help ensure that IT projects achieve expected outcomes in accordance with the approved project plan.

State entities

- State entities are responsible for developing IT strategic plans that are aligned with their business plans and ensuring that IT plans are updated as the entity's business needs and requirements change.

- State entities have ultimate responsibility and accountability for the successful implementation of their IT initiatives and must implement processes and procedures to facilitate success, including appropriate project management and quality assurance processes and methodologies.

- State entities are responsible for implementing and maintaining an IT oversight framework that is aligned with the state-level IT oversight framework and responsive to their entity's needs. Each entity must update its IT oversight framework on an ongoing basis to reflect changes in policy, processes, and the state-level oversight framework.

- State entities are responsible for ensuring that projects consistently follow state-level IT oversight policies and requirements, legislative mandates, and applicable laws.

- State entities are responsible for providing project status information sufficient to allow the DOIT to meet its oversight reporting and full disclosure responsibilities.

- State entities are responsible for implementing project management processes, including contract management, and tools necessary to measure and report project performance in accordance with DOIT project metrics.

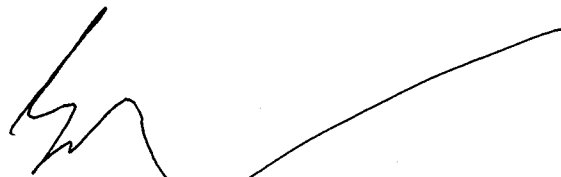**PROJECT OVERSIGHT REQUIREMENTS**

The following requirements apply to all projects involving the development of new or replacement critical IT systems as defined in *State Administrative Manual (SAM)* Section 4842.11, and all IT systems that are specifically required by Executive Order, judicial mandate, or legislation. State entities must comply with all of these requirements for each critical IT project unless they are specifically exempted by the DOIT.

- The DOIT and the state entity will jointly develop the statement of work and select the supplier for all independent oversight activities. The DOIT will contract with the selected supplier, and the state entity will reimburse the DOIT for all contract costs as budgeted. The independent oversight contractor will submit all required project reports concurrently to both the state entity and the DOIT.

- State entities must include sufficient funding for independent oversight within all project plans and budget requests. This funding will normally be at least 5% of the total one-time development costs

for systems integration and customization activities involved in adapting existing commercial off the shelf (COTS) software to entity use, and at least 10% of one-time costs for new software development projects. The actual oversight contract costs should be developed through the evaluation of multiple vendor proposals in response to the statement of work. The DOIT and the state entity will jointly revise the statement of work if proposed contractor costs are greater than budgeted.

- The independent oversight contractor must participate in sufficient project activities to ensure an effective evaluation of the project's viability, and must review documents to ensure that essential project management processes, including risk management, schedule and cost management, change management and issue resolution, are consistent with project plans and are effective throughout the project life cycle. The independent oversight contractor must explicitly report on the status and viability of each project management process in each periodic report.

- The project plan developed by the state entity must include sufficient milestones and checkpoints to allow the state entity to periodically verify the viability of the project plan and deliverables and the development approach before committing resources and funds to subsequent activities. Wherever possible, these milestones should correspond to the delivery of business functional value that entities that will use or depend upon the system can evaluate.

- The state entity must identify a Risk Manager to be responsible for ensuring that the risk management plan is comprehensive, current and effectively executed throughout the project life cycle. The Risk Manager must report directly to the project manager, and must not be otherwise involved in project activities nor a member of the entity's IT staff.

- The state entity must establish an executive steering committee for all IT projects which includes, at a minimum, the executive sponsor of the project, representatives of all internal and external entities that will use the proposed system or are dependent upon the system functions, and representatives of the DOIT and DOF. At a minimum, the steering committee must meet and review project status at each milestone, and specifically approve the continuation or modification of the project plan.

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